

LMC Properties, Inc.  
Post Office Box 5061 Baltimore, Maryland 21220  
Telephone 410-682-1300

LOCKHEED MARTIN 

Thomas J. Quinn  
President

August 4, 1997

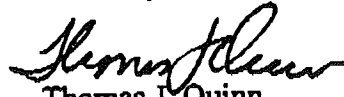
Mr. Thomas J. Motherway  
President  
McDonnell Douglas Realty Co.  
4060 Lakewood Boulevard, 6th Floor  
Long Beach, California 90808-1700

Re: Lockheed Martin/McDonnell Douglas - 190th Street Properties - Revisions to my  
FAX to you of 7/31/97

Dear Tom:

Based on our earlier phone conversation today, this fax letter shall constitute a revision of my 7/31/97 fax (copy attached). I am now permanently giving up all further rights to rail service to the Lockheed Martin Property in consideration of McDonnell Douglas assurance of giving up its appeal rights with the city. I am prepared to sign such documentation reasonably required by you, such as easement terminations, to formally release this property from rail service. Per our discussion, it is understood that my giving up rail service is directed only to the currently owned Lockheed Martin Property. Upon your signed concurrence to this fax, in the space provided below, this fax shall constitute your concurrence to my fax of 7/31/97 as revised by the foregoing.

Sincerely,

  
Thomas J. Quinn  
Its President

Concur:

MCDONNELL DOUGLAS REALTY CO.

By: 

Thomas J. Motherway  
Its President

cc: Mr. Stephen G. Hoy  
Mr. Thomas C. Wolff, Jr.  
Mr. Craig Lawson

**LATHAM & WATKINS**

ATTORNEYS AT LAW

633 WEST FIFTH STREET, SUITE 4000  
LOS ANGELES, CALIFORNIA 90071-2007  
TELEPHONE (213) 485-1234TOM M [4]  
PHIL [4]TO: Tom Overturf  
Mario Stavale

DATE: August 1, 1997

FILE NO:

FROM: Lucinda Starrett (P)

COPIES TO: Dale Neal  
Tony SkidmoreSUBJECT: Lockheed Martin Tract Map

Following the discussion Tom and I had with Brad Rosenheim this morning, I have reviewed the materials you provided. I also met with Darryl Fisher.

HOW ABOUT TRACT  
CONDITIONS THAT  
RESULT FROM E  
SHORTCUTS  
CONFLICTS.

Darryl indicated that as a general course he prefers not to include tract conditions that result from settlement agreements with outside parties. He also said that he will not hold the decision up (I did not ask him to, but he volunteered this) pending any further negotiations. He anticipates the decision to be finalized next week, though it could slip a bit further.

I told him that we would be most comfortable, and most able to avoid an appeal, with an express condition. He said that if Lockheed Martin concurred in the request and the language he would put it in, but not otherwise. I said we would get back to him early next week.

APPARENTLY  
LOCKHEED  
WON'T APPROVE

Based on my meeting with Darryl and my call with you, we should assume the likely time frames here as follows (these could slip if any events are delayed):

1. City issuance of decision 8/7
2. Appeal period 8/8 to 8/18
3. Notice of Determination filed 8/19
4. CEQA challenge period 8/19 to 9/18

I understand that you were advised they intend a 8/25 closing date.

Our options are thus as follows.

L\NP51\

08/01/97 6:50pm

CHICAGO • LONDON • MOSCOW • NEW JERSEY • NEW YORK • ORANGE COUNTY • SAN DIEGO • SAN FRANCISCO • WASHINGTON, D.C.

BOE-C6-0078240

*we need to notify Darryl and Fremont J.M.*

1. Insist that absent a condition, we will seek such a condition on appeal. This is clearly our bargaining position. To implement it with an appeal would be a request to the Planning Commission; I think that the EIR's failure to address rail service gives us a reasonable chance of success in that event. The benefit of this approach is also that it would bind any user other than Fremont who attempts to implement this tract approval. The adverse reaction of Lockheed and Fremont to an appeal could, however, limit your opportunities to achieve compromise from them on other issues.

*yes!! 1st,*

2. Seek to reach agreement with Lockheed and Fremont on a condition which applies only to Fremont and is conditional on the REA, and jointly propose it to Fisher. This is the approach we discussed with Rosenheim. It would not protect you in the event that Fremont failed to close and Lockheed sold the site to another user. Otherwise it appears to be a reasonable compromise on this point, if achievable. Attached is some proposed language on this subject.

*FIRST PROPOSAL!*

3. Drop the request for a condition and rely on a written, executed private agreement with Fremont. This offers less protection. Should the agreement not be fulfilled for any reason the City would have no reason to prohibit rail service. If you chose this option it should be finalized prior to the expiration of their appeal period, even if the REA is not executed until the closing. Though you would probably have waived appeal rights by that point, you would retain the ability to file a CEQA lawsuit within 30 days after the close of the appeal period, so that is a minimal outside protection.

4. Achieve no written agreement with Fremont but rely on their good faith. They will probably urge this option. It offers the least legal protection though you may have faith in Hoyer's word and choose to accept it.

As I mentioned on the phone, I will be out of the office from Wednesday through August 15. Dale Neal will be here on the 11th, and I can be reached by phone if necessary. Tony Skidmore will also be here.

Because my discussion with Darryl Fisher was during a meeting with him and Jeff Axtell about the Vestar zone change, which went well, Jeff Axtell is aware of these issues. He asked me later about the storefront police facility and whether Fremont was willing to include it, if necessary, in their project. I suggested that he talk with you about both issues and set up a meeting with you and Fremont if necessary.

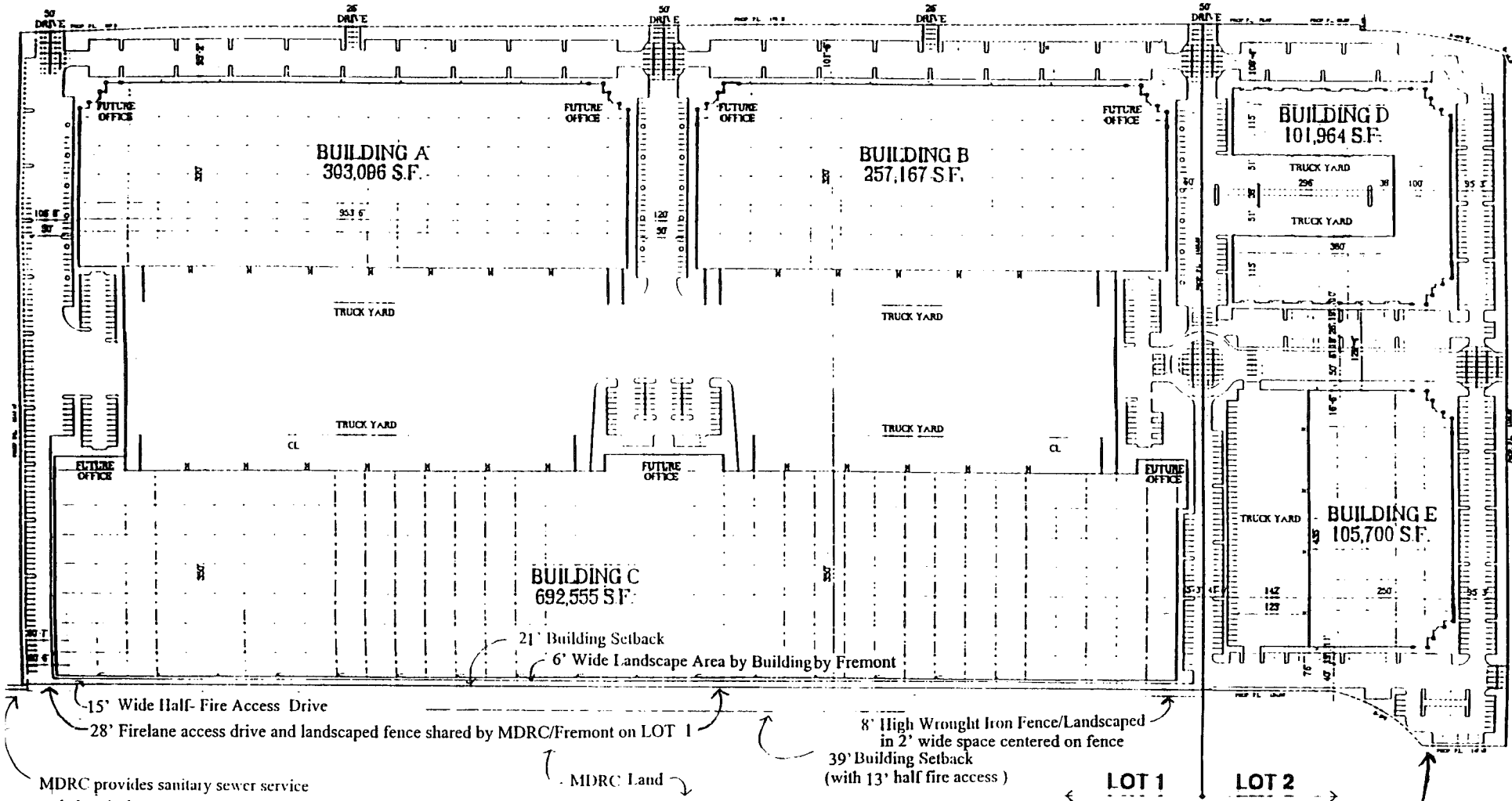
I look forward to talking with you on Monday.

## PROPOSED ADDITIONAL CONDITION FOR FREMONT VESTING TRACT MAP

#. Rail service shall not be permitted on the boundary of the neighboring McDonnell Douglas tract. Should a reciprocal easement agreement be executed which provides alternative uses for the rail service area at such boundary, such agreement shall be included in the file. A revised tract map shall be submitted prior to recordation reflecting any changes in connection with such easement agreement.

# WESTERN AVENUE

1 9 0 t h S T R E E T



MDRC provides sanitary sewer service and electrical power service to SE corner (LM abandons easements north of this point)

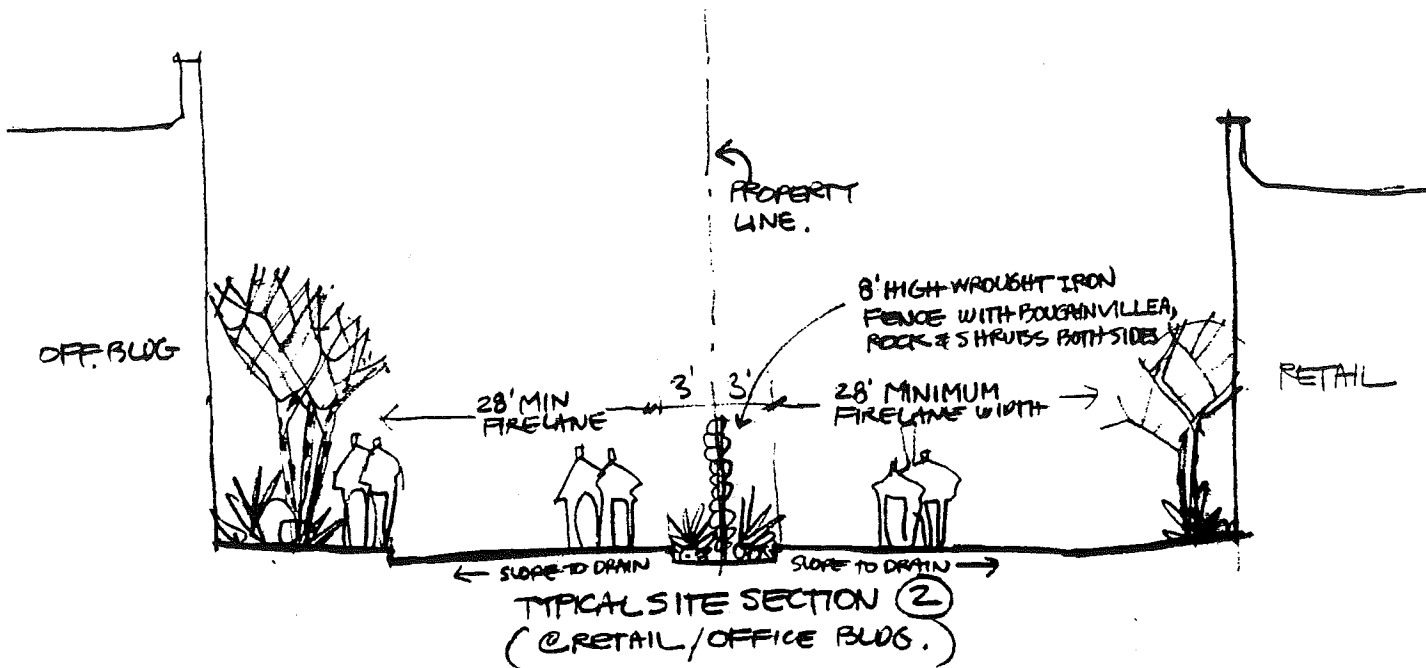
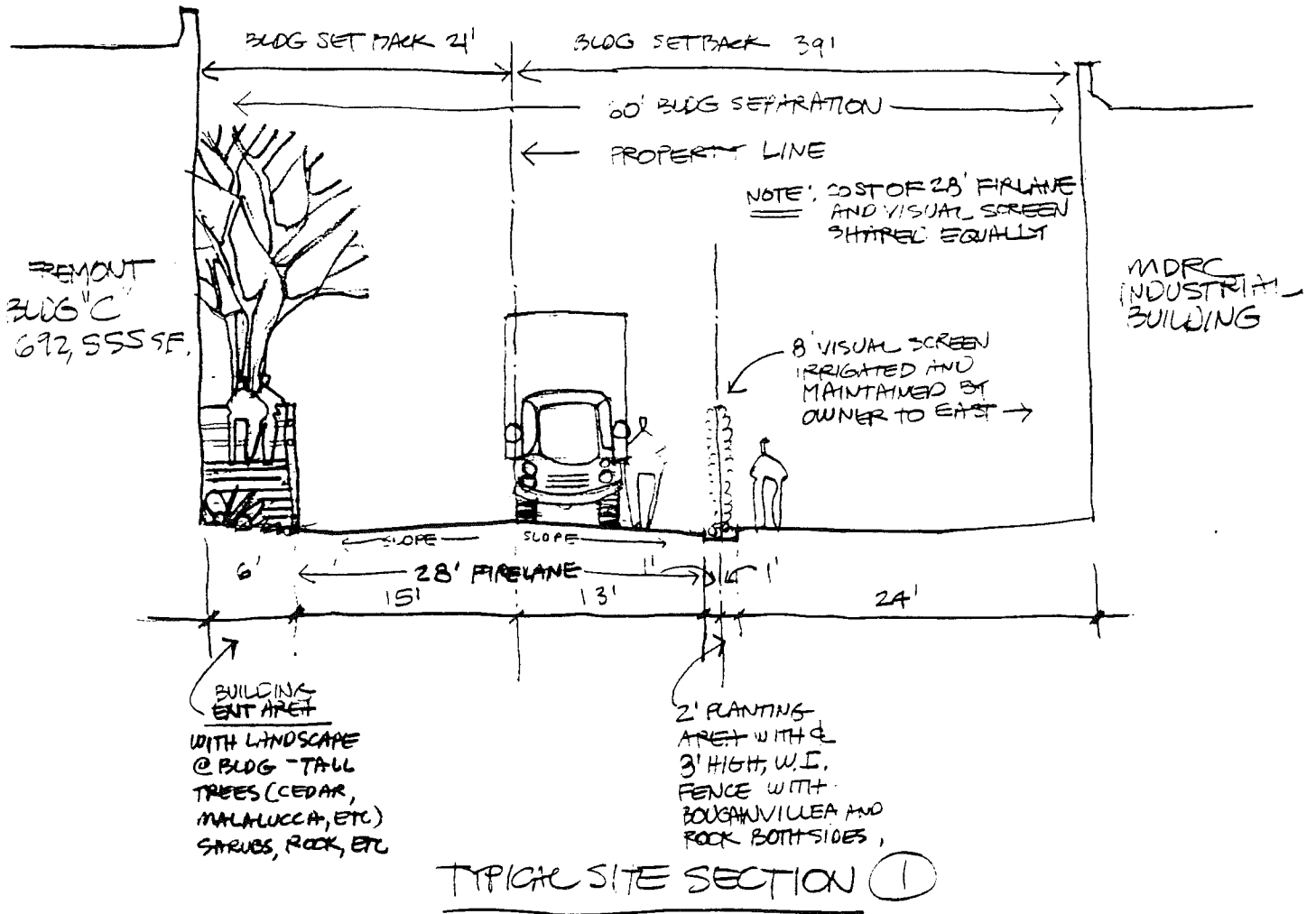
MDRC Land

## EXHIBIT 'A' SITE PLAN NOTES

8' wrought iron fence and bougainvillea shared by MDRC/Fremont with each party to plant, irrigate, and maintain the 3' space on respective side of the screen fence on LOT 2.

# EXHIBIT 'B'

## TYPICAL SITE SECTIONS



LMC Properties, Inc.  
Post Office Box 5061 Baltimore, Maryland 21220  
Telephone 410-682-1300

LOCKHEED MARTIN

July 31, 1997

Thomas J. Quinn  
President

Mr. Thomas J. Motherway  
President  
McDonnell Douglas Realty Co.  
4060 Lakewood Boulevard, 6th Floor  
Long Beach, California 90808-1700

Re: Lockheed Martin/McDonnell Douglas - 190th Street Properties

Dear Tom:

I have received your letter of July 18th and have the following responses:

1. **Traffic Mitigation.** Based on our communications with our traffic consultant, we believe the consultants have agreed on the various impacts our respective projects generate at the intersections in question. We are preparing our proposal to you and agree with your comment that we should all be in a position to resolve outstanding issues on the cost sharing arrangement within a week to ten (10) days of your receipt of our proposal.
2. **Rail Services.** In evaluating the rail issue, we have also received a copy of Stephen Hoy's letter to you dated July 25th. The issue of giving up rail service is Fremont's choice and we have no concerns providing closing of the sale to Fremont in fact occurs. If the Fremont deal does not close, we are not prepared to speak for the next buyer whose need may be different.

I gather you are dealing directly with Capitol Metals on their easement rights over which we have no control. I am informed that the Capitol Metals parcel is also benefited from the 1964 railroad easement since it was then part of the entire Harvey Plant site which parcel (the former Sheet Mill property) was later sold to Capitol Metals after a lot split. I also understand that the Capitol Metals parcel may be benefited by certain power and sewer easements which again are not within our control.

3. **Environmental.** We have reviewed your concerns regarding any potential impact that Lockheed Martin's operations may have had on the adjacent McDonnell Douglas property and your request for an expedited groundwater investigation. As you know, Lockheed Martin is obligated under a DTSC Consent Order to investigate and, where necessary, address off-site environmental impacts caused by its operations. Lockheed Martin has also committed to Fremont that it will undertake such obligations and has indemnified Fremont accordingly.

In furtherance of Lockheed Martin's commitment to address off-site environmental impacts, Lockheed Martin is willing to provide McDonnell Douglas with written assurances that it will expeditiously investigate any potential impact to the McDonnell Douglas property, including the installation (and payment) of monitoring wells, as well as address the other issues identified in your July 18th letter. In addition, Lockheed Martin's written assurances will cover the performance of any legally required remedial actions consistent with its Consent Decree obligations to address any environmental impacts to the McDonnell Douglas property caused by Lockheed Martin.

Although Lockheed Martin cannot meet your 30 August deadline with respect to the installation of monitoring wells, Lockheed Martin is willing to meet with McDonnell Douglas to agree upon an expedited schedule for the performance of these and other activities. In addition, in lieu of installing the monitoring wells by the 30 August date, Lockheed Martin is willing to provide the written assurances outlined above by such date.

Lockheed Martin remains willing to meet with McDonnell Douglas as soon as possible (preferably August 5th or 6th) to further define the scope of our written assurances and the performance and payment of any required investigative and remedial activities, provided McDonnell Douglas or its agents will not, nor directly or indirectly encourage or promote other parties to, object to, appeal, or otherwise take any adverse action with respect to Fremont's vested tentative tract map and related issues currently before the City of Los Angeles.

Tom, I trust the foregoing responses and provision for expedited action and written environmental assurances will be favorably received and that we may now promptly proceed to meet and wrap up the appropriate written documentation and assurances in respect to Traffic Mitigation and Environmental. It would be greatly appreciated if you would promptly confirm and notate your concurrence below and hopefully return your confirmation by fax to me today.

LMC PROPERTIES, INC.

By: 

Thomas J. Quinn  
Its President

Concur:

MCDONNELL DOUGLAS REALTY CO.

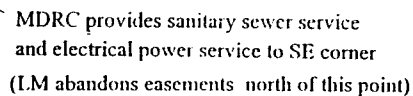
By: \_\_\_\_\_

Thomas J. Motherway  
Its President

cc: Mr. Stephen G. Hoy  
Mr. Thomas C. Wolff, Jr.  
Mr. Craig Lawson



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8' wrought iron fence and bougainvillea shared by MDRC/  
Fremont with each party to plant, irrigate, and maintain the 3' space  
on respective side of the screen fence on LOT 2.

Mr. Thomas J. Quinn  
Mr. Stephen G. Hoy  
Proposed Fremont Vesting Tract Map Approval Conditions  
August 4, 1997  
Page Two of Two

2. **VESTING TRACT CONDITIONS.** You have asked MDRC to commit not to appeal the above-referenced approval. While we have not reviewed the document, assuming that it is consistent with our understanding of your project and raises no new issues, we would require language satisfactory to MDRC on the following issues in order to reach such an agreement.
  - A. **Rail.** We believe that all parties benefit from the current proposal, in which Fremont would increase its usable area for building along the boundary and would relinquish any request for City approval for rail service. As you know, this issue was not addressed in the Lockheed Martin EIR and thus we believe that such agreement is not only best for all parties but is the most appropriate mitigation measure to avoid rail impacts on our project. Attached for your review and comment is a proposed condition which addresses that issue. Our goal is to develop mutually satisfactory language for such a condition to be proposed to the City as a consensus request.
  - B. **Boundary Treatment.** In addition, we understand that Fremont has agreed to provide a wrought iron fence along the common boundary with Vestar. [any other border treatment?] The attached condition should also be included on that issue.
3. **REA.** We understand that the REA will need to be completed prior to the Fremont/Lockheed closing, which is targeted for August 25, and will work with you to achieve that goal. We invite you to propose a draft REA for our review.
4. **INDEMNIFICATION.** Based on Tom Overturf's discussions with Capitol Metals, their concerns are related to Lockheed Martin's termination of Capitol Metals' ability to use Lockheed Martin property for rail car storage, apparently as a result of the proposed sale to Fremont. In response to that termination, they seek to use McDonnell Douglas property as an alternative. We do not believe that existing easements provide any such rights to Capitol Metals and have not agreed to provide such uses to them. Given that Lockheed Martin and Fremont have a preexisting potential dispute on rail access from a different area of the property, we cannot agree to any indemnification in connection with this matter.

Sincerely,

Thomas J. Motherway

TAO:TJM:kk S:\Devmnt\Kistler\Tom\OKKTO1977.doc

August 4, 1997

Mr. Thomas J. Quinn  
[address]

Mr. Stephen G. Hoy  
[address]

Re: Proposed Fremont Vesting Tract Map Approval *CONDITIONS*

Gentlemen:

We appreciate your letters of July 25 and July 31 respectively. Given the press of time on the above-referenced matter, which we understand should be finalized by the City this week, we write to propose a solution to avoid an appeal on the above-referenced matter.

*fence and landscape treatment*  
As Tom Overturf indicated to Brad Rosenheim on Friday, August 1, McDonnell Douglas Realty Company requests that the above-referenced tract map approval contain language confirming that the railroad use will not be part of the approved Fremont project. In addition, we will be pleased to work with you in order to achieve a mutually satisfactory Reciprocal Easement Agreement ("REA") to document our understanding as to the setbacks, and fire lane along the mutual boundary of our properties. ~~[We would also need to see a condition which documents Fremont's agreement to place a wrought iron fence along the common boundary with Vestar and [other boundary treatment?]]~~ MDRC is not prepared, however, to indemnify Lockheed-Martin or Fremont against ~~any~~ third party claims regarding the termination of the easement. Each of these issues will be addressed in turn.

20MP31\

08/04/97 1:57pm

2 1 50761616705 P 2 (MON) 8:47 14:29/81 14:27 NO 4260916705 P 2

#15

FROM LATHAM & WATKINS 2A

/ \* PROPOSED ADDITIONAL CONDITION FOR FREMONT VESTING TRACT MAP:

~~11~~ <sup>*included as part of the Fremont development*</sup>  
Rail service shall not be permitted on the boundary of the neighboring McDonnell Douglas tract. Should a reciprocal easement agreement be executed which provides alternative uses for the rail service area at such boundary, such agreement shall be included in the file. A revised tract map shall be submitted prior to recordation reflecting any changes in connection with such easement agreement. //

Mr. Tom Quinn  
August 4, 1997  
Page 2

**2. Vesting Tract Conditions.** You have asked MDRC to commit not to appeal the above-referenced approval. While we have not reviewed the document, assuming that it is consistent with our understanding of your project and raises no new issues, we would require language satisfactory to MDRC on the following issues in order to reach such an agreement.

a. Rail. We believe that all parties benefit from the current proposal, in which Fremont would increase its usable area for building along the boundary and would relinquish any request for City approval for rail service. As you know, this issue was not addressed in the Lockheed Martin EIR and thus we believe that such agreement is not only best for all parties but is the most appropriate mitigation measure to avoid rail impacts on our project. Attached for your review and comment is a proposed condition which addresses that issue. Our goal is to develop mutually satisfactory language for such a condition to be proposed to the City as a consensus request.

b. Boundary Treatment. In addition, we understand that Fremont has agreed to provide a wrought iron fence along the common boundary with Vestar. [any other border treatment?] The attached condition should also be included on that issue.

**3. REA.** We understand that the REA will need to be completed prior to the Fremont/Lockheed closing, which is targeted for August 25, and will work with you to achieve that goal. We invite you to propose a draft REA for our review, ~~or, in the alternative, let us know if you would prefer that MDRC provide such a draft.~~

**4. Indemnification.** Based on Tom Overturf's discussions with Capitol Metals, their concerns are related to Lockheed Martin's termination of Capitol Metals' ability to use Lockheed Martin property for rail car storage, apparently as a result of the proposed sale to Fremont. In response to that termination, they seek to use McDonnell Douglas property as an alternative. We do not believe that existing easements provide any such rights to Capitol Metals and have not agreed to provide such uses to them. Given that Lockheed Martin and Fremont have a preexisting potential dispute on rail access from a different area of the property, we cannot agree to any indemnification in connection with this matter.

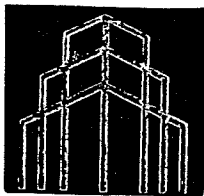
L\WP51\

08/04/97 1:57pm

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15

FROM LATHAM &amp; WATKINS LA



Fremont  
Associates

July 25, 1997

Mr. Thomas J. Motherway  
President  
McDonnell Douglas Realty Compan  
4060 Lakewood Blvd., 6th Floor  
Long Beach, California 21220

Dear Tom:

Subject to our purchase of the approximate 67 acre Lockheed site, we propose the following:

**Rail Access:** Fremont relinquishes rail access rights. MDRC indemnifies Fremont/future property owners from any 3rd party claims regarding rail access.

**Reciprocal Easement Agreement ("REA"):** As soon as possible, but no later than August 25, MDRC and Fremont enter into an REA that provides for the conditions as outlined on the attached 2 pages. For clarity, the intended benefit of the REA to Fremont is to allow us to construct our proposed Building C within 21 feet of the property line using type III-N construction design. In addition to a 21 foot non-buildable area on our property, the REA will provide for (i) 39 feet of non-buildable area on MDRC's property, (ii) an approximate 28 foot wide fire lane acceptable to LAFD, 15 feet of which will be on Fremont's property, (iii) relocation of the 21 inch sanitary sewer service and electrical service to the southeast corner of our property and (iv) a fenced landscape area bordering the fire lane of adequate width for each party to construct their private fire hydrants, if required by LAFD. With execution of the REA, we will relinquish our rail access rights.

By acknowledging your agreement below, MDRC also agrees not to appeal our Vested Tract Map process. As we need to proceed with the design and construction of our project next week, if you are in agreement please acknowledge in the space provided below and return a copy of this letter to my attention prior to July 31, 1997.

Sincerely,

Stephen G. Hoy

cc: Tom Quinn  
Tom Wolff

Agreed: \_\_\_\_\_ Dated: \_\_\_\_\_

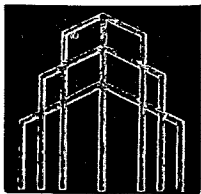
Phil C. & Tom O.

This was boxed to  
Tom at the hotel.

He hasn't seen it yet  
but asked that both  
of you receive a copy.

970 West 190th Street  
Suite 220  
Torrance, CA 90502  
(310) 516-1615  
(310) 516-8222 (FAX)

Friedrich  
Tom O.  
in 7/25  
at Hotel



Fremont  
Associates

CINDY ☒  
THIS CONFIRMS FREMONT/MDRC  
AGREEMENT TO ABANDON RAIL -  
WE NEED TO HAVE AN EIR  
CONDITION TO ELIMINATE RAIL  
SERVICE TO FREMONT'S  
DEVELOPMENT VESTING TRACT  
MAP. *Ad.*

July 25, 1997

Mr. Thomas J. Motherway  
President  
McDonnell Douglas Realty Company  
4060 Lakewood Blvd., 6th Floor  
Long Beach, California 21220

970 West 190th Street  
Suite 220  
Torrance, CA 90502  
(310) 516-1615  
(310) 516-8222 (FAX)

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DID  
NOT BARGAIN  
FOR THIS  
WIKER  
AGREED TO  
LIMIT TO  
AN ACTU  
PERPETUAT  
ONCAPTION

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Sincerely,

Stephen G. Hoy

cc: Tom Quinn  
Tom Wolff

Agreed: \_\_\_\_\_ Dated: \_\_\_\_\_

7/24/97

~~EXHIBIT B~~

